Supreme Court, U.S.
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No. 95-1082

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

Nippon Carbide Industries Co., Inc.,

Petitioner,

v.

Minnesota Mining & Manufacturing Co., Inc.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eighth Circuit

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REPLY FOR PETITIONERS

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TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES ii

ARGUMENT 1

CONCLUSION 7

TABLE OF AUTHORITIES

Cases	Page
Asahi Metal Industry Co., Ltd. v. Superior Court, 480 U.S. 102 (1987)	1, 3
Barone v. Rich Brothers Interstate Display Fireworks Co., 25 F.3d 610 (8th Cir.), *cert. denied sub nom. Hosoya Fireworks Co. v. Barone*, 115 S. Ct. 359 (1994)	4
Bell Paper Box, Inc. v. U.S. Kids, Inc., 22 F.3d 816 (8th Cir. 1994)	2
Bic, Inc., Safemark Division v. Schleisman, 443 N.W.2d 78 (Iowa Ct. App. 1989)	2
Brown v. LaChance, 477 N.W.2d 296 (Wis. Ct. App. 1991), *cert. denied*, 113 S. Ct. 304 (1992)	2
Burger King v. Rudzewicz, 471 U.S. 462 (1985)	1
Douglas Machine & Engineering Co. v. Hyflow Blanking Press Corp., 229 N.W.2d 784 (Iowa 1975)	2
Falkirk Mining Co. v. Japan Steel Works, Ltd., 906 F.2d 369 (8th Cir. 1990)	3, 4
Guardian Royal Exch. Assurance, Ltd. v. English China Clays, P.L.C., 815 S.W.2d 223 (Tex. 1991)	5
Gould v. P.T. Krakatau Steel, 957 F.2d 573 (8th Cir. 1992), *cert. denied*, 113 S. Ct. 304 (1992)	2
Keeton v. Hustler Magazine, Inc., 465 U.S. 770 (1984)	1
Lichon v. Aceto Chemical Co., 538 N.E.2d 613 (Ill. Ct. App. 1989)	5
Mars Inc. v. Kabushiki-Kaisha Nippon Conlux, 24 F.3d 1368, (Fed. Cir. 1994)	5, 6
Northrup King Co. v. Compania Productora Semillas Algodoneras Selectas, S.A., 51 F.3d 1383 (8th Cir. 1995)	2
South Dakota v. United States Dep't of Interior, 69 F.3d 878 (8th Cir. 1995)	3

TABLE OF AUTHORITIES (cont'd)

Page

Thompson v. Ecological Science Corp., 421 F.2d 467 (8th Cir. 1970) 2
Zerbel v. H. L. Federman & Co., 179 N.W.2d 872 (Wisc. 1970), *appeal dismissed*, 402 U.S. 902 (1971) 2

Miscellaneous

Carl G. Love, *U.S. Negotiation of Foreign Patent Licenses May Mean a Foreign Corporation Places Itself Within U.S. Court Jurisdiction*, The Law Works, January 1996, at 6 6
Earl M. Maltz, *Unraveling the Conundrum of the Law of Personal Jurisdiction: A Comment on Asahi Metal Industry Co. v. Superior Court of California*, 1987 Duke L.J. 669 1
Neil Rose, *Foreign Companies Threatened By U.S. Ruling*, International Commercial Litigation, November 1995, at 6 6
Russell J. Weintraub, *Asahi Sends Personal Jurisdiction Down the Tubes*, 23 Tex Int'l L.J. 55 (1988) 1

REPLY FOR PETITIONERS

The opposition confirms, as does the *amicus* brief by the Association of International Automobile Manufacturers, that certiorari should be granted.

1. Respondent argues that the Eighth Circuit's jurisdictional approach is consistent with this Court's decisions in *Burger King v. Rudzewicz*, 471 U.S. 462 (1985) and *Asahi Metal Industry Co. v. Superior Court*, 480 U.S. 102 (1987) which, respondents claim, "did not . . . create a separate reasonableness inquiry to be utilized in determining whether the exercise of personal jurisdiction was appropriate." Opp. 9. In fact, both *Burger King* and *Asahi* engaged in an analysis separate from the minimum contacts analysis couched in the language of reasonableness. *Asahi*, 480 U.S. at 113 ("[T]he determination of the reasonableness of the exercise of jurisdiction in each case will depend on an evaluation of several factors."); *Burger King*, 471 U.S. at 477 ("[Defendant] must present a compelling case that the presence of some other considerations would render jurisdiction unreasonable.").

While the reasonableness analysis ensures that a court's exercise of jurisdiction is consistent with the "traditional notions of fair play and substantial justice," respondent and the Eighth Circuit have failed to recognize what numerous commentators and the majority of lower courts have recognized: that *Burger King* and *Asahi* represented a change in the law of personal jurisdiction. *See, e.g.*, Russell J. Weintraub, *Asahi Sends Personal Jurisdiction Down the Tubes*, 23 Tex. Int'l L.J. 55 (1988); Earl M. Maltz, *Unraveling the Conundrum of the Law of Personal Jurisdiction: A Comment on Asahi Metal Industry Co. v. Superior Court of California*, 1987 Duke L.J. 669. Whereas a finding of minimum contacts in the past would have sufficed for purposes of "fair play and substantial justice," the outcome in *Asahi* illustrates that this is no longer true. *See, e.g., Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 778 (1984). It is now plain that courts

must perform a distinct, reasonableness analysis apart from the minimum contacts inquiry.[1]

2. While respondent maintains that the Eighth Circuit follows this Court's decisions in *Burger King* and *Asahi*, respondent admits that the Eighth Circuit applies "its own identified factors" and, in form, does not apply this Court's precedent. Opp. 6, 11, 17.

As respondent recognizes, the Eighth Circuit's current test was established in 1965 and relied on the Supreme Court precedent at that time.[2] The most recent cases from the Eighth Circuit plainly illustrate that this five-part jurisdictional test, which disregards this Court's pronouncements in *Burger King* and *Asahi*, is still the law of the Eighth Circuit. *Northrup King Co. v. Compania Productora Semillas Algodoneras Selectas, S.A.*, 51 F.3d 1383, 1387-88 (8th Cir. 1995); *Bell Paper Box, Inc. v. U.S. Kids, Inc.*, 22 F.3d 816, 819 (8th Cir. 1994); *Gould v. P.T. Krakatau Steel*,

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[1] Contrary to petitioner's assertion (Opp. 10), NCI has not conceded the existence of minimum contacts in this case.

[2] Respondent notes that NCI has cited cases decided prior to this Court's pronouncements in *Asahi* and *Burger King*. Opp. 14 n.5. Indeed, *Thompson v. Ecological Science Corp.*, 421 F.2d 467 (8th Cir. 1970) was cited by NCI to illustrate the fact that the Eighth Circuit's current five-part test pre-dates *Burger King* and *Asahi*; a proposition with which respondent is in full agreement. *Douglas Mach. & Eng'g Co. v. Hyflow Blanking Press Corp.*, 229 N.W.2d 784, 789 (Iowa 1975) was cited in conjunction with *Bic, Inc., Safemark Div. v. Schleisman*, 443 N.W.2d 78, 80 (Iowa Ct. App. 1989) to illustrate that the Eighth Circuit's five-part formulation is still good law in Iowa. The same is true in Wisconsin where the use of the five-part test in *Zerbel v. H. L. Federman & Co.*, 179 N.W.2d 872, 878-79 (Wisc. 1970), *appeal dismissed*, 402 U.S. 902 (1971) remains good jurisdictional law. *See, e.g., Brown v. LaChance*, 477 N.W.2d 296, 303 (Wis. Ct. App. 1991).

957 F.2d 573, 576 (8th Cir.), *cert. denied*, 113 S. Ct. 304 (1992).[3]

3. The Eighth Circuit's five-part jurisdictional test is inconsistent with this Court's reasonableness pronouncements. The Eighth Circuit deems its final two jurisdictional parts, the interests of the forum state and the burdens on the parties, which resemble some of the *Asahi* reasonableness factors, as "secondary." Pet. App. 5a-6a. Indeed, the court in this case did not find it necessary to discuss them, but relegated them to the *forum non conveniens* issue. Pet. App. 8a.

There is no doubt that the Eighth Circuit's approach fails in both form and substance to consider the final two *Burger King* and *Asahi* factors.[4] *Falkirk Mining Co. v. Japan Steel Works, Ltd.*, 906 F.2d 369 (8th Cir. 1990) explicitly recognized that the Eighth Circuit's test did not embody all of the *Asahi* factors. The *Falkirk* court noted that the Eighth Circuit's test did not consider the final two factors: "the interests of the several states in obtaining the efficient resolution of disputes and the advancement

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[3] Respondent argues that NCI did not challenge the Eighth Circuit's jurisdictional approach as inconsistent with *Burger King* and *Asahi* on respondent's appeal from the district court. NCI argued to the Eighth Circuit, in defense of the district court, that the exercise of personal jurisdiction would violate the Fourteenth Amendment and that the unique foreign aspects of this case militated against personal jurisdiction; in view of the Eighth Circuit's longstanding precedent, reaffirmed after *Burger King* and *Asahi*, nothing more is required. *See, e.g., South Dakota v. United States Dep't of Interior*, 69 F.3d 878, 884 (8th Cir. 1995) (one panel may not overrule another).

[4] Respondent maintains that the *Asahi* did not require the application of its final two factors and did not attach independent significance to these two factors. Opp. 8, 20. Respondent's argument would make this Court's mention, discussion, and analysis in *Asahi* of "the interstate judicial system's interest in obtaining the most efficient resolution of controversies; and the shared interest of the several States in furthering fundamental substantive social policies," where an alien defendant is involved, meaningless *dicta*. *Asahi*, 480 U.S. at 113 (citations omitted).

of substantive policies." 906 F.2d at 376. Indeed, as NCI's petition emphasized, a recent Eighth Circuit decision all but limited *Asahi* to its facts. *Barone v. Rich Bros. Interstate Display Fireworks Co.*, 25 F.3d 610, 614 (8th Cir.), *cert. denied sub nom. Hosoya Fireworks Co. v. Barone*, 115 S. Ct. 359 (1994).

4. Respondent concedes that the "majority of the courts of appeals" — the Second, Third, Fourth, Fifth, Tenth, Eleventh and District of Columbia Circuits — have agreed with NCI's supposed "strained interpretation" and utilize the *Burger King* factors in a distinct reasonableness analysis. Opp. 22.

At the same time, respondent argues that the "sliding scale" approaches from the First, Ninth and Sixth Circuits are more consistent with this Court's pronouncement in *Burger King* and that any claim of inconsistency with the pronouncements of this Court is "pure fallacy."[5] Thus, respondent effectively concedes that the courts of appeals are in conflict. It agrees that these approaches "differ in form" (Opp. 27), and that these different approaches lead to different results: "Different courts may disagree with the application of law to facts." Opp. 27.

5. The result in this case is not consistent with *Burger King* and *Asahi*. The court failed to adequately consider the unique burden on NCI, an alien defendant, in defending this case in Minnesota.

Respondent maintains that no nation has interests superior to Minnesota in this case. Respondent does not dispute, however, that this controversy involves the patent laws of four separate

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[5] With regard to the Seventh Circuit, respondent cites only two cases that arguably applied the five reasonableness factors. Respondent ignores three of the five recent Seventh Circuit cases that have failed to inquire into reasonableness. With respect to the other two cases, respondent can only argue that they, though admittedly not inquiring into reasonableness, reached results consistent with *Burger King* and *Asahi* on their facts. Contrary to respondent's assertion, the two-part jurisdictional inquiry is not "alive and well" in the Seventh Circuit. Opp. 27.

countries and will entail the assessment of the parties' rights within the borders of those countries. United States patent laws are not implicated because NCI's allegedly breaching conduct occurred outside the United States. The only contact with the forum that the panel relied on, aside from the contract itself, was NCI's single visit to negotiate the contract.

The panel, in accordance with the Eighth Circuit's approach, did not consider the significant foreign aspects to this case that implicate the substantive policies of other countries. A United States court that determines the rights of parties in other countries under their laws no doubt intrudes on the substantive policies, if not the sovereignty itself, of those foreign nations.[6]

Respondent argues that to deny respondent one forum in which to litigate denies it the benefit of its bargain. There is nothing in the contract at issue, however, that provides for resolution of the disputes arising from that contract in any single forum. Minnesota, moreover, is among the least suitable forums to hear this dispute because both the applicable patent law and the alleged breaching conduct are entirely foreign to Minnesota. There is neither a choice-of-forum nor a choice-of-law provision in the contract. Perhaps the only distinguishing characteristic of Minnesota is that respondent hopes to convince its courts to contravene international norms and entertain foreign patent disputes.[7]

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[6] *See also Guardian Royal Exch. Assurance, Ltd. v. English China Clays, P.L.C.*, 815 S.W.2d 223, 232-33 (Tex. 1991) (applying *Burger King* and *Asahi* factors to defeat jurisdiction despite existence of minimum contacts.); *Lichon v. Aceto Chemical Co.*, 538 N.E.2d 613, 622-23 (Ill. Ct. App. 1989) (despite the existence of minimum contacts, court rejects jurisdiction based upon the burden to the foreign defendant and the forum state's minimal interest in the dispute).

[7] Respondent argues that the Federal Circuit has, in fact, held that the exercise of jurisdiction over a foreign patent is proper. Opp. 21 n.8. *Mars Inc. v. Kabushiki-Kaisha Nippon Conlux*, 24 F.3d 1368, 1374-75 (Fed. Cir. 1994) is simply inapposite. At issue in that case was whether

6. The widespread importance of this case is confirmed by the *amicus* filing by the Association of International Automobile Manufacturers in support of the petition for certiorari. In addition, in view of the importance of this case, it is not surprising that commentators both in this country and abroad have questioned the propriety of the Eighth Circuit's decision and its impact on international business. *See* Carl G. Love, *U.S. Negotiation of Foreign Patent Licenses May Mean a Foreign Corporation Places Itself Within U.S. Court Jurisdiction*, The Law Works, January 1996, at 6 (American intellectual property publication); Neil Rose, *Foreign Companies Threatened By U.S. Ruling*, International Commercial Litigation, November 1995, at 6 (British publication).

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a federal district court could exercise supplemental jurisdiction over a Japanese patent in a case involving a U.S. patent. The court, in fact, rejected the district court's assumption that it had § 1367(a) authority to hear the Japanese patent infringement claim. *Id.* at 1375.

CONCLUSION

For the foregoing reasons, and for the reasons stated in the petition, certiorari should be granted.

Respectfully submitted

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